ORIGINAL

DIVISION OF CONSUMER ADVOCACY
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawaii 96813
Telephone: (808) 586-2800

PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Application of))
HAWAIIAN ELECTRIC COMPANY, INC.) DOCKET NO. 2008-0083
Approval of Rate Increase and Revised Rate Schedules and Rules.) =))

DIVISION OF CONSUMER ADVOCACY'S TENTH SUBMISSION OF INFORMATION REQUESTS

Pursuant to the Schedule of Proceedings approved in Order Approving, with Modifications, Stipulated Procedural Order filed on January 15, 2009 and amended in Order Amending Stipulated Procedural Order filed on January 21, 2009, the Division of Consumer Advocacy submit its **TENTH SUBMISSION OF INFORMATION REQUESTS** in the above docketed matter.

DATED: Honolulu, Hawaii, March 16, 2009.

Respectfully submitted,

CATHERINE P. AWAKUNI

Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 2008-0083

HAWAIIAN ELECTRIC COMPANY, INC.

TENTH SUBMISSION OF INFORMATION REQUESTS INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

- For each response, the Company should identify the person who is responsible
 for preparing the response as well as the witness who will be responsible for
 sponsoring the response should there be an evidentiary hearing;
- 2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
- 3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
- 4. Should the Company claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;

- State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (<u>e.g.</u>, protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 2008-0083

HAWAIIAN ELECTRIC COMPANY, INC.

TENTH SUBMISSION OF INFORMATION REQUESTS

CA-IR-436 Ref: HECO Response to CA-IR-323a (CIS Project Removal).

According to the Company's response to CA-IR-323, ".....most of the 2009 test year costs for the CIS project are being removed from the test year (e.g., CIS expenses, capital costs, unamortized system development costs, etc.)." Please provide the following information:

- a. Provide a listing and references into relevant CA-IR-1 and CA-IR-2 Attachments where the amounts of each of the CIS Project costs that were <u>not</u> removed from the test year can be found.
- Explain the reasons for not removing each of the CIS Project
 cost elements set forth in your response to part (a).
- c. Describe HECO's management plans regarding maintenance and enhancement of the existing CIS system, pending resolution of issues surrounding the new CIS.
- d. Identify the amounts and explain how the costs added back into the test year for ACCESS system maintenance and enhancements are consistent with your response to part (c) of this information request

CA-IR-437 Ref: HECO Response to CA-IR-267 (Current Financial/Economic Crisis).

In partial response to parts (b) and (d) of CA-IR-267, HECO indicated that no staffing reductions, or other cost cutting or austerity measures have been implemented at this time in response to the current financial and economic crisis. Please provide the following:

- a. HECO has previously implemented cost containment and austerity measures between rate cases. Although no decisions have been made to implement such measures at this time, is it possible that the Company could decide to implement such measures during the period the rates resulting from this rate case are in effect? Please explain.
- b. What assurances or ratepayer protections would HECO offer or make available to its utility customers if the Company decided to implement such measures during the rate effective period, but did not recognize those cost reductions in setting the rates resulting from this case? Please explain in the context of the current financial and economic crisis.

CA-IR-438 Ref: HECO Response to CA-IR-267 (Current Financial/Economic Crisis).

In partial response to part (d) of CA-IR-267, HECO indicated a further reduction in electric sales to 173.1 gigawatt-hours would

increase HECO's revenue deficiency by about \$11.5 million. However, the HECO T-1 Update proposes to recover any difference between revenue requirement and actual sales revenues through a decoupling revenue balancing account. What advantages, if any, does HECO envision by not recognizing this revenue deficiency effect in setting base rates resulting from this rate case? Please explain.

CA-IR-439 Ref: HECO Response to CA-IR-267 (Current Financial/Economic Crisis).

In partial response to part (c), Attachment 2 of part (f), and part (g) of CA-IR-267, HECO identified and provided some quantification of negotiated price reductions realized in rebidding stock pricing agreements to reflect current competitive market conditions. However, HECO characterized those changes as resulting in "only marginal cost savings" that could be erased by future cost increases. As a result, HECO believes that test year revenue requirements should not be adjusted until market conditions stabilize. Please provide the following:

a. When does HECO anticipate that market conditions will sufficiently stabilize to result in the degree of certainty that the Company apparently believes would be required to merit an adjustment to test year revenue requirements? Please explain.

- b. Please provide and explain HECO's view of the probability that commodity prices will rebound in 2009 to erase any cost savings experienced in the first quarter of 2009.
- c. Do the cost reductions or savings to HECO on confidential Attachment 2 represent reductions in expense or capital expenditures? Please explain and provide supporting documentation in spreadsheet file format showing the quantification of such affects.

CA-IR-440 Ref: HECO Responses to CA-IR-178 and CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority, as follows: commit substantial capital funds to install new AMI meters and amortize such investment over 7 years; defer software related costs, capitalize AFUDC, include such amounts in rate base and amortize such costs over 12 years; amortize existing meter costs over 3 years; incur AMI related network lease costs; and "to recover all of the Companies' incremental cost associated with the AMI Project through the Renewable Energy Infrastructure Program ('REIP') surcharge. . . or an AMI surcharge. . . " (for purposes of the following questions, reference to cost recovery through the REIP surcharge should be assumed to refer to the possibility of cost recovery through either the REIP or AMI

surcharges that HECO is seeking). The response to CA-IR-178 updated the AMI related costs (T&D and A&G) included in the 2009 rate case forecast. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

- a. Please confirm that the above accurately summarizes the key AMI cost elements HECO seeks to recover through the REIP surcharge. If this cannot be confirmed, please explain.
- b. Please define and explain the reference to "incremental cost" in the context of the AMI Project costs to be recovered through the REIP surcharge.
- c. In response to CA-IR-178, the AMI Project costs included in T&D O&M expense was revised upward to \$969,000. Please explain why these costs are not also considered to be "incremental costs" and presented to the Commission for consideration in Docket No. 2008-0303.
- d. In response to CA-IR-178, the AMI Project costs included in A&G expense was revised upward to \$611,000. Please explain why these costs are not also considered to be "incremental costs" and presented to the Commission for consideration in Docket No. 2008-0303.
- e. Please provide the number of employees, square feet, annual lease cost and the physical location of the office

- space to be dedicated to the AMI project that has been included in the Company's 2009 rate case update.
- f. Referring to parts (a) through (e) above, please provide the parameters HECO intends to apply for purposes of distinguishing and reconciling AMI related costs that should be recovered through the REIP surcharge from those that should be (or have been) included in base rates.
- g. If the Company does not incur certain AMI costs that are currently included in the Company's test year in the instant proceeding, does the Company intend to return these costs to customers through the REIP surcharge? Please explain.

CA-IR-441 Ref: HECO Responses to CA-IR-178 and CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. [Note: The following questions may relate to multiple witnesses.] Please provide the following regarding meter amortization periods:

a. According to footnote 31 (page 22) of the Application, the Sensus AMI meters have an expected life of 15 years.
Please explain why the Company is seeking accelerated

- amortization and recovery of the AMI meters over seven years rather than the 15-year expected life.
- b. At page 37 of the referenced application, the Company states that the Emergency Economic Stabilization Act of 2008 ("EESA") reduced the tax depreciation period for Smart Meters and Smart Grid assets from 20 years to 10 years. Please explain why the Company is seeking recovery of the AMI meters on a more accelerated schedule than allowed for tax depreciation purposes.
- c. Does EESA also address the tax depreciation or amortization period for the AMI related computer software costs? Please explain and provide the depreciation/ amortization period under current tax law, with citations to the relevant provision(s) of the Internal Revenue Code.
- d. Please explain why the Company is seeking to recover the cost of the remaining book value in the existing meters over a three year period, as indicated at page 13 of the Application.
- e. With regard to the existing meters, please provide the following:
 - Does the Company expect the "existing" meters to have any residual salvage value upon removal and retirement from service? Please explain whether

such amounts were considered in the estimated costs presented in Docket No. 2008-0303 and provide the Company's best estimate thereof. Please provide copies of the workpapers used to determine the Company's response.

- 2. Does the Company expect to incur material costs to remove from service and dispose of the "existing" meters? Please explain whether such costs are included in the estimated costs presented in Docket No. 2008-0303 and provide the Company's best estimate thereof. Please provide copies of the workpapers used to determine the Company's response.
- Please provide the Company's best estimate of the average remaining life of the existing meters still in service. Please provide copies of the workpapers used to determine the Company's response.
- 4. Please provide the total number of existing meters at December 31, 2008, that HECO expects to remove from service and provide a schedule showing the estimated number of these meters to be removed from service on an annual basis.

 Please provide the gross investment, accumulated depreciation reserve <u>and</u> depreciation expense associated with the existing meters as included in the Company's 2009 rate case test year Update.

CA-IR-442 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. At page 57, HECO states that the cost to replace sockets damaged as a result of the removal of non-AMI meters from service will be expensed at an estimated cost of \$11.7 million. [Note: The following questions may relate to multiple witnesses.]

- a. Please confirm that the referenced socket damage would result solely from the removal of existing meters for replacement with new AMI meters. If this cannot be confirmed, please explain.
- b. If the response to part (a) above indicates that the socket damage would not occur in the absence of the replacement of existing meters with AMI meters, please explain why the resulting repair cost should be expensed rather than

capitalized as incidental work necessary to the meter replacement program.

c. Please confirm that it is HECO's intent to recover any socket replacement cost, whether expensed or capitalized, through the REIP Surcharge. If this cannot be confirmed, please explain.

CA-IR-443 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. At page 58 and Exhibit 19, Table 4, the Company summarizes annual AMI "Project Management" costs of \$855,000, representing internal labor for HECO in 2010. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

- Please identify the specific HECO employment positions comprising the \$855,000 estimate for 2010.
- Please compare the positions listed in response to part (a)
 above with the AMI positions discussed in the HECO T-8
 Update and included in the 2009 update test year forecast.

CA-IR-444 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. At page 58, HECO identifies about \$1.5 million of MDMS hardware and operating system software costs to be capitalized and additional software development costs (Phases I, II and III) to be deferred. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

- Please clarify the time period over which HECO proposes to depreciate or amortize the \$1.5 million to be capitalized.
- b. Has any portion of the \$1.5 million of MDMS hardware and operating system software development cost HECO proposes to capitalize been included in HECO's 2009 rate case update? If so, please provide the amount included in the 2009 test year forecast by NARUC account.
- c. Has any portion of the software development cost that HECO proposes to defer been included in HECO's 2009 rate case update? If so, please provide the amount included in the 2009 test year forecast by NARUC account.
- d. Referring to parts (b) and (c) above, please explain and clarify whether it is HECO's primary recommendation that

the identified costs be recovered through the REIP Surcharge or through base rates.

CA-IR-445 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. At page 61 and Exhibit 19, Table 12, HECO identifies about \$25.5 million of quantifiable direct operational savings for years 2010 through 2015 (\$15.6 million related to HECO operations). At page 68 and Exhibit 24, page 17, of the Application, HECO states that the Companies propose to recover the AMI Project incremental revenue requirements, net of quantifiable incremental benefits, on a prospective basis through the REIP surcharge or a separate AMI surcharge. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

a. Does the Application contain a specific discussion of how the quantifiable savings will be identified and removed from recorded operating results? If so, please provide a pinpoint reference to the discussion, exhibits and/or tables that discuss the Company's recommendation. If not, please so state. b. If the quantifiable savings are to be flowed back to customers flowed through as a credit to the REIP surcharge, please explain how such savings will be removed from operating revenues and/or O&M expense in the context of decoupling and annual RAM rate changes envisioned to be implemented between base rate cases.

CA-IR-446 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. At page 73, HECO describes the proposed book accounting and ratemaking treatment for both the new AMI meters and existing non-AMI meters. For book purposes, the Company would capitalize the installed cost of the new AMI meters, depreciating both the new and existing meters using the current Commission approved book depreciation rate for meters. For ratemaking purposes, the Company proposes to accelerate the recovery of the new AMI meter cost over seven years and the existing non-AMI meters over three years. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

- a. The current depreciation rate for the Account 370, Meters, is 3.05% (see HECO-WP-1405). The proposed seven-year amortization translates into an annual straight line rate of about 14.29% for AMI meters, while the three-year amortization represents a 33.3% rate for the non-AMI meters. Please explain why the Company proposes to apply different depreciation / amortization rates for book and ratemaking purposes.
- b. In the context of this HECO proposal, please explain how the Company proposes to account for the accelerated recovery of AMI and non-AMI meter costs (e.g., regulatory liability) in order to reconcile the intentionally created difference between book and ratemaking treatments.
- c. In HECO's <u>next</u> base rate case, please explain how the Company proposes to treat the following items:
 - Gross investment in AMI meters and non-AMI meters;
 - Accumulated depreciation reserve on AMI meters and non-AMI meters (book rates);
 - Book depreciation on AMI meters and non-AMI meters;
 - Accumulated amortization related to accelerated recovery of AMI meters (seven-year period) and non-AMI meters (three-year period); and

 Ratemaking amortization of AMI meters (seven-year period) and non-AMI meters (three-year period).

CA-IR-447 Ref: HECO Response CA-IR-265 (AMI Related Costs).

In response to CA-IR-265, the Company provided a copy of its Application in Docket No. 2008-0303 seeking Commission authority to commit funds, defer and recover incremental costs related to the AMI Project. Referring to Exhibit 24 of the Application, HECO discusses the accelerated cost recovery of new AMI meters and existing non-AMI meters, generally describing accelerated recovery "as a useful method for encouraging the development of technologies involving high up-front costs" and "could reduce investors' perceptions of risk" and "will provide improved cash flow" among other discussion points. [Note: The following questions may relate to multiple witnesses.] Please provide the following:

- a. Without the requested accelerated amortization, is it HECO's position that the HCEI Agreement fails to provide adequate encouragement for the Company to proceed with the deployment and installation of AMI meters? Please explain.
- b. Without the requested accelerated amortization, is it HECO's position that the HCEI Agreement coupled with a surcharge mechanism does not provide adequate assurance of cost recovery to reduce investor perceptions of risk for the

- Company to proceed with the deployment and installation of AMI meters? Please explain.
- c. Without the requested accelerated amortization, is it HECO's position that the HCEI Agreement provides inadequate cash flow the Company to proceed with the deployment and installation of AMI meters? Please explain.
- d. Assuming that AMI Project related incremental costs are deemed to be recoverable through the REIP surcharge, please discuss whether the requested accelerated amortization / depreciation results in a greater reduction of perceived risk by investors. If so, please provide the Company's quantification of that reduction and provide the document that illustrate the Company's determination of the difference in risk. If not, then please discuss the benefits of allowing the accelerated / deprecation procedures that the Company is requesting.

Witness T-1 Mr. Alm.

CA-IR-448 Ref: HECO Response to CA-IR-276 (RBA Interest).

According to this response, "The large California electric utilities calculate interest each month on the balance in the revenue balancing account as noted in their tariffs." In Docket No. 2008-0274, the HECO Proposal dated January 30, 2009

contained an Attachment 16 that contained SCE tariffs that appear to provide for an "Interest Rate" at page 2 as a defined term, "The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate.)." Please respond to the following:

- a. If Mr. Alm is referencing some other "tariffs" of "The large California electric utilities" in his Update, please provide complete copies of all such tariffs.
- b. Does HECO support or oppose utilization of a published three-month commercial paper interest rate for the RBA account balance?
- c. Please provide a complete explanation for your response to part (b) and copies of all reports, studies, projections, analyses and other documents associated with such response and explanation.
- d. In its response to part b of IR-276, the Company states, "Thus, as of any determination date, the Company will not have collected the revenues recognized in the RBA balance and the associated income taxes on the revenues will not have been paid to the tax authorities." Please respond to the following:

- Confirm that the RBA revenues owed the Company in the RBA account will, upon collection from customers, create an actual cash flow to the Company that will be reduced by the income taxes that must be paid upon such collection.
- 2. Given your response to part d(1), explain whether the cash flow benefit foregone by HECO while it is waiting for recovery of the deferred RBA account balance is actually the net of income tax cash flow that is realizable upon collection of RBA balance amounts, rather than the gross balance in the RBA account.

CA-IR-449 Ref: HECO T-1 Update, page 15 (REIP/CEI Surcharge).

Mr. Alm states, "The HECO Companies plan to file a separate application to recover the HCEI Implementation Study costs through the REIP/CEI Surcharge." Please respond to the following:

a. State with specificity how the HECO Companies intend to define, for accounting and ratemaking purposes, the types of costs to be recovered through a separate surcharge, indicating which of the expense element, RA, NARUC Account, activity or other criteria/codings would apply to segregate the surcharge recoverable costs to ensure no double recovery through base rates might occur.

- b. Describe and provide specimen copies of the periodic reports that would be submitted by the HECO Companies to itemize REIP/CEI surcharge recoverable expenses and adjust surcharge rates, indicating the frequency of each such filing.
- c. Explain what limits, tests or other safeguards are recommended by HECO to ensure that <u>only</u> costs that were not allowed in test year operating expenses can be recovered through the REIP/CEI surcharge.
- d. What, if any, limitations are proposed by HECO with regard to expenditures that could be made and recovered through the REIP/CEI surcharge mechanism?
- e. Does HECO agree that some of the work required of the HECO Companies to comply with the Clean Energy Initiatives commitments could be satisfied by a mix of labor (increased staffing) and contractors, which resources are to some extent substitutable?
- f. If your response to part (e) is affirmative, how should the design of any REIP/CEI surcharge be influenced by the potential for substitution of labor or contractor inputs?
- g. Should similar rate recovery procedures (base rate versus REIP/CEI surcharging) be implemented for all (or none) of the incremental labor and non-labor costs incurred by the

HECO Companies to comply with the Clean Energy commitments in order to avoid introducing a bias into HECO's decisions regarding utilization of its own labor versus contractors to perform the work associated with the commitments?

CA-IR-450 Ref: HECO T-1 Update, page 15 (HCEI Labor Costs).

According to Mr. Alm, "The requirements of the HCEI Agreement will significantly transform the Company in how it does business and how it will need to be organized. In the 2009 test year, HECO will need to expend resources for HCEI commitments that it is not proposing for recovery through the REIP/CEI Surcharge. (However, HECO would be willing to discuss surcharge recovery of these items should the Consumer Advocate take the position that such recovery is appropriate.)." Please respond to the following:

- a. Explain whether the labor requirements arising from the HCEI Agreement are known with specificity at this time.
- b. Given your response to part (a), please identify the employees and labor hours/dollars in the updated test year that are clearly associated with HCEI commitments and no other work requirements beyond HCEI.
- Regarding the parenthetical, please state with specificity how the HECO Companies would suggest that we define, for

accounting and ratemaking purposes, the types of labor costs to be recovered through a separate surcharge, indicating which of the expense element, RA, NARUC Account, activity or other criteria/codings would apply to segregate the surcharge recoverable labor costs to ensure no double recovery through base rates might occur.

- d. Explain what limits, tests or other safeguards are recommended by HECO to ensure that only labor costs that were <u>not</u> allowed in test year operating expenses could be isolated for recovery through the REIP/CEI surcharge.
- e. Describe and provide specimen copies of the periodic reports that could be submitted by the HECO Companies to itemize REIP/CEI surcharge recoverable labor expenses and adjust surcharge rates, indicating the frequency of each such filing.

CA-IR-451 Ref: HECO T-1 Update, page 23 (Headcount Adjustment).

According to Mr. Alm, "To this end and to minimize the issues regarding labor expenses in this rate case, the Company is proposing for this rate case only, a labor expense and associated employee benefit and payroll tax reduction of \$1,729,000....This adjustment will bring HECO's test year head count and labor expense closer in line with the actual headcount that the Company

is experiencing at the end of 2008." Please respond to the following:

- a. Explain whether or not Mr. Alm and HECO believe that it is appropriate in general to adjust test year proposed employee headcounts to bring them closer in line with actual headcounts and, if so, why it is appropriate to do this "for this rate case only."
- b. Does HECO believe that it will ever achieve zero vacancies across all of its authorized positions?
- c. Provide complete copies of all reports, studies, analyses, workpapers, projections and other documents relied upon by Mr. Alm to determine it reasonable to "...not apply the adjustment to production labor expenses since this area has covered hiring shortfalls by using unbudgeted supplemental labor to perform the associated work."
- d. Explain whether Mr. Alm understands HECO-728 and the related T-7 testimony to be that "supplemental labor" is needed to replace production <u>Maintenance Division</u> vacancies, rather than vacancies throughout the entire Power Supply organization.
- e. If your response to part (d) is negative, please provide copies of all information supportive of your response to part (d) of this information request.

CA-IR-452 Ref: HECO T-1 page 38 (Distribution of Rate Increase).

According to Mr. Alm, "Considering the relatively high electric bills for residential customers due to the current fuel prices, HECO is proposing to allocate the revenue increase to all rate schedules equally to share the burden among all ratepayers. This is consistent with the Company's rate design proposals in Docket No. 2006-0386." Please respond to the following:

- a. State whether the recently lower fuel prices, the updates to the Company's asserted revenue requirement, or any other changes have caused HECO's proposed equal allocation of the rate increase to change.
- b. If your response to part (a) is affirmative, state with specificity each revision that should be made to the proposed revenue increase distribution and explain the basis for same.
- c. Provide complete copies of all reports, studies, analyses, projections, workpapers and other documents associated with your response to parts (a) or (b) of this information request.

CA-IR-453 Ref: HECO Responses to CA-IR-274 and CA-IR-278 (HCEI Staffing Changes).

In response to CA-IR-278, the Company identified 13 employee positions included in the 2009 rate case test year attributable to

HCEI commitments. In response to CA-IR-274, the Company identified \$2.2 million of non-labor outside service costs for HCEI implementation studies that it seeks to recover through the REIP/CEI Surcharge and expressed a willingness to discuss similar recovery of "other labor and non-labor costs" associated with requirements of the HCEI Agreement. Please provide the following:

- a. Please quantify the labor and benefit costs of the 13 HCEI employee positions included in the HECO 2009 forecast Update for base rate recovery, showing distribution by NARUC account.
- Please identify and quantify the other "non-labor costs" included in the HECO Update for base rate recovery, by NARUC account.
- c. Provide spreadsheet files supporting the amounts supplied in response to parts (a) and (b) above.

Witness T-3 Mr. Young.

CA-IR-454 Ref: HECO T-3 Update, Attachments 6 and 8 (Comparisons of Direct Case versus Lower Projected GWH Sales).

In comparing the calculation of revenues at present and current rates on Attachment 6 versus Attachment 8, it appears that lower KWH sales were translated into a corresponding adjustment to KW

demand levels, but that Rider adjustments were not re-calculated.

Please provide the following information:

- a. Explain how the lower KW demand charge billing determinants were quantified for the lower sales scenario and provide example calculations of this process.
- b. Explain whether or not the Company recalculated Rider customer bill impacts at the lower KWH sales levels and the reasons for the Company's approach to rider sales.
- c. Describe whether or not a typical Rider T customer would experience lower energy charge adjustments at the lower projected update sales volumes described by Mr. Willoughby.
- d. Provide calculations estimating the further adjustment to rider customers, if any, that are required upon adoption of the lower projected update sales forecasts

Witness T-7 Mr. Giovanni.

CA-IR-455 Ref: HECO Response to CA-IR-86, HECO-WP-702 (Power Supply M&S Inventory).

Please provide the following additional information:

a. Update each page of HECO-WP-702 with all additional months of actual 2008 and 2009 (to date) information and with 2008 actual annual data on page 1 in place of the "PLAN" 2008 information.

- b. Provide an updated HECO INVENTORY REPORT comparable to CA-IR-88 page 3 for all available months of 2008 and 2009 to date.
- c. Provide an updated estimate of test year projected issues and receipts of M&S materials, based upon the information contained in your responses to parts (a) and (b).

CA-IR-456 Ref: HECO Response to CA-IR-290, Attachment 1 (Power Supply Staffing).

- a. Please provide an update of Attachment 1, adding a column of March 2009 data.
- b. Indicate within your response to part (a) <u>each</u> new position within the Power Supply Process Area staffing table that was proposed in the HECO T-7 update.
- c. Revise and update the "planned hire date" column, as applicable.

CA-IR-457 Ref: HECO-722, HECO-723, HECO-726 (PSO&M Organization Charts)

Please provide updated current organization charts for the PSO&M organization, explaining each change made since the Company's initial Direct Testimony filing was prepared.

CA-IR-458 Ref: HECO-722 and HECO T-7 Update, Attachment 9 (Power Supply Staffing and Organization).

Please provide a complete current organization chart for the Power Supply Process Area, in the format of HECO-722, but incorporating all of the RA's within Power Supply, indicating each position added or changed in connection with the Company's updated filing.

CA-IR-459 Ref: Response to CA-IR-2; HECO T-7, Attachment 13, page 6 (Technical Services Charges).

Please provide the following information regarding the \$72,000 of cost type 501 charges to Account 502020 by PYE in the test year:

- A detailed description of the work projected to be performed.
- A monthly breakdown of the \$9,000 the \$50,000 and the \$6,000 amounts shown, indicating comparable actual spending by month to date in 2009, if any.
- Copies of contracts and work authorization documentation for the charges committed to be incurred in 2009.
- d. Explain whether any revision to this spending estimate is needed, based upon available information.

CA-IR-460 Ref: HECO Responses to CA-IR-269, Attachment 1, page 10; CA-IR-2, Attachment 7C, pages 2 and 3 (PJC Chemicals Materials).

Please provide the following information regarding the \$49,400 of PJC Chemistry materials charges forecasted to Account 502020 in the test year:

- Explain why the projected amount is more than four times
 larger than any previous year shown on CA-IR-269, page 10.
- Provide a breakdown of comparable actual expenses by month for 2009, to date.
- Provide copies of purchase orders and other documentation supportive of the proposed spending levels.
- d. Explain whether any revision to this spending estimate is needed, based upon available information.

CA-IR-461 Ref: HECO Responses to CA-IR-269, Attachment 1, page 18; CA-IR-2, Attachment 11G, page 5 (Honolulu PIN Asbestos Removal).

Please provide the following information:

- a. Explain why the projected amount is more than two times larger than any previous year shown on CA-IR-269, page 18.
- Provide a breakdown of comparable incurred actual expenses by month for 2009, to date.

- c. Provide copies of contracts, purchase orders and other documentation supportive of the proposed 2009 spending levels.
- d. Explain whether any revision to this spending estimate is needed, based upon available information.
- e. Explain and provide documentation regarding any overall systematic plans, studies, reports or schedules for Honolulu Station asbestos removal/abatement.

CA-IR-462 Ref: HECO Responses to CA-IR-2, Attachment 11H, page 2; CA-IR-269, Attachment 1, page 25 (Clean Island Council).

Please provide the following information regarding test year projected expenses:

- A breakdown of Clean Island Council fees/dues included in test year expenses for each RA/station.
- Explain why this expense is nearly three times historical levels charged to Account 506020 by PIO.
- c. Copies of invoices, contracts and other documents supportive of your response to part (a).
- d. Please explain and quantify whether any further adjustment of test year expenses is needed to correct or normalize test year expenses for this item.

CA-IR-463 Ref: HECO Responses to CA-IR-212; IR-269, Attachment 1, page 37 (EMIS Air Quality Modules)

Please provide the following additional information:

- a. According to CA-IR-212, the Company purchased the first EMIS module in April 2008, yet CA-IR-269 shows much lower costs of \$56,760 in 2008 than are proposed in 2009. Please explain this apparent discrepancy.
- b. What is the present status of EMIS Design Work and what prioritization of selection/implementation of modules has been finalized?
- Provide a monthly breakdown of the test year budgeted
 \$148,348 for the new module.
- d. Provide a breakdown of comparable incurred actual expenses by month for 2009, to date.
- e. Provide copies of contracts, purchase orders and other documentation supportive of the proposed 2009 spending levels.
- f. Explain whether any revision to this spending estimate is needed, based upon available information.

CA-IR-464 Ref: HECO Response to CA-IR-2, Attachment 18 (PNR R&D Spending).

Please provide the following information:

- Explain whether and how each of the listed PNR renewable initiatives activities was revised in the Company's T-7 update.
- b. Provide a monthly breakdown of the test year budgeted \$400,000 expenses for the two listed items in Attachment 18 at page 2 and for the EPRI funding.
- c. Provide a breakdown of comparable incurred actual expenses by month for 2009, to date, for the items listed in your response to part (b).
- d. Provide copies of contracts, purchase orders and other documentation supportive of the proposed 2009 renewables initiative spending levels totaling \$400,000.
- e. Explain whether any revision to this projected PNR spending estimate is needed, based upon available information.

CA-IR-465 Ref: HECO T-7 Update, Attachment, page 37 (PV Host New Position).

HECO T-7 refers to the PV Host program and the new position as being needed because without this new employee HECO will, "not have sufficient resources to meet its aggressive schedule and the expected customer demand for participation." Please respond to the following:

- a. Provide a detailed timeline indicating the dates for anticipated application, PUC approval, site assessments quantities/dates, and statistics anticipated in connection with the anticipated ramping of "customer demand for participation."
- Provide a written position description for the PV Host
 Engineer, in the form of T-7 Update Attachment 10.
- c. Confirm that labor costs for this position are only included in the revenue requirement for a partial year and explain how efforts to recruit and fill the position are progressing.

CA-IR-466 Ref: HECO T-7 Update, Attachment 14, page 8 (CT-1 Capitalized Cost Forecast).

Please provide the following additional information:

- a. Comparable monthly actual expenses in the same line item breakdown as page 8, for all available months of 2009, to date.
- b. Explain each individually significant variance between the page 8 projected CT-1 monthly capitalized costs and your response to part (a) of this information request.

- c. Provide an itemization of all non-labor costs capitalized for CT-1 by month in 2009 using the categories used on page 6 of Attachment14.
- d. What, if any, changes in the projected commercial operation date for CT-1 are now anticipated?
- e. Given your responses to parts (a) through (d) of this information request, what revisions, if any, are appropriate for the page 6 and 7 projected monthly O&M expenses for CT-1?
- f. Provide detailed assumptions and calculations supporting vour response to part (e) of this information request.

CA-IR-467 Ref: HECO Response to CA-IR-192 (CT-1 Staffing Plan).

Please provide the following information regarding CT-1 staffing:

- a. Explain the status of hiring and training the six CT operators identified at page 2 of Attachment 1, indicating whether transfers from elsewhere within HECO created new vacancies and the status of backfilling those vacancies.
- b. Explain the status of hiring and training the operations shift supervisor identified at page 3 of Attachment 1, indicating whether a transfer from elsewhere within HECO created new vacancies and the status of backfilling a vacancy.

- c. Explain the status of hiring and training each of the seven maintenance personnel identified at pages 4 and 5 of Attachment 1, indicating whether transfers from elsewhere within HECO created new vacancies and the status of backfilling those vacancies.
- d. Describe any changes in the staffing plan for CT-1, quantifying how such changes would impact the projected labor costs set forth in T-7 Update Attachment 14.

CA-IR-468 Ref: HECO CA-IR-192, Attachment 1, page 7 (CT-1 Water Plan).

According to this response, "Due to the criticality of pure water for emissions control the facility will be designed to utilize water from any of three sources; RP water from Honouliuli Waste Water Treatment plant, on site saline wells, and the City and County Board of Water Supply Potable water." Please provide the following information regarding CT-1 water supply:

- a. A detailed statement of the water supply assumptions used to develop the water chemicals, treatment costs and RO/City purchased water costs set forth in HECO T-7 update, Attachment 14, page 6.
- Calculations indicating the quantities of each type of water consumed in operation of the plant and translating such

- quantities into projected cost amounts showing the "price times quantity" math that was employed.
- c. Explain and illustrate how the level of KWH output of CT-1 will impact the amounts shown in your responses to parts (a) and (b) of this information request.
- d. Provide copies of contracts and other documents supporting the BWS pricing of potable and RO water underlying the HECO forecasts for CT-1.
- e. State and quantify any modifications to the projected CT-1
 water supply and treatment costs that are required, given
 your responses to parts (a) through (d).

CA-IR-469 Ref: HECO Response to CA-IR-206, (DG Unit Status).

Please provide an updated response to this information request, including the following information:

- a. Explain the results of biodiesel emissions tests
- Describe HECO's plans for any future biodiesel testing.
- c. Explain how the declining kwh and kw sales levels being experienced have impacted the need for the DG units after CT-1 is operational.
- d. State whether HECO is certain that all of the test year DG units will remain in service through the years 2009 and 2010.

e. Provide copies of all reports, analyses, workpapers, projections, correspondence and other supporting documentation associated with evaluation of the decision to keep any or all of the DG units in service.

CA-IR-470 Ref: HECO Responses to CA-IR-304 and CA-IR-309, (Production Maintenance Labor and Non-Labor Expenses).

Please explain each of the known reasons why, given declining customer usage (sales), recessionary economic conditions, much lower commodity price trends and the displacement of generation output at older units upon completion of CT-1, HECO is still not forecasting any reduction in its overall production maintenance spending in test year 2009. Provide copies of supporting documentation associated with your response.

Witness T-8 Mr. R. Young.

CA-IR-471 Ref: HECO T-8 Update, page 14, and Responses to CA-IR-269 and CA-IR-270 (T&D Labor and Non-labor Expense).

Referring to the T&D block of accounts, please explain and reconcile why the confidential 2009 amounts for labor and non-labor expenses do not tie to the comparable labor and non-labor charges set forth on HECO T-8 Update, page 14.

CA-IR-472 Ref: HECO T-8 Update, page 14, and Responses to CA-IR-39 and CA-IR-269 (T&D Non-labor Expense).

Referring to Docket No. 2006-0386, HECO T-7 provided a June 2007 Update (Attachment 1) showing non-labor T&D expense of \$20.23 million for the 2007 forecast test year. In the current proceeding, the responses to CA-IR-39 and CA-IR-269 show actual T&D non-labor expense in 2007 of \$12.0 million. The 2008 actual T&D non-labor expense is comparable to the 2007 actual amount. Please provide the following:

- a. Please explain why HECO did not actually incur anywhere near the \$20.23 million of T&D non-labor expense included in the 2007 test year rate case update in either 2007 or 2008.
- b. Referring to part (a) above, please identify each major expense element (or activity) and explain why the Company made a conscious decision to not expend the forecast amount. In response, please list the unexpended amount associated with each identified expense element/activity.
- c. In the current rate case, the HECO T-8 Update (page 14) supports \$27.1 million for the 2009 T&D non-labor forecast. What assurances or ratepayer protections would HECO offer the Commission that the full amount of non-labor T&D expense included in the 2009 forecast test year will actually

be incurred in each year during the period the rates resulting from this rate case are in effect? Please explain in detail.

Witness T-9 Mr. Yamamoto.

CA-IR-473 Ref: HECO Response to CA-IR-113 & CA-IR-323 (Bill Print Outsourcing).

The response to CA-IR-113 describes certain cost changes and asset retirements expected to result from the outsourcing of bill printing then expected to commence in June 2009. Please provide the following:

- a. Please conform that this outsourcing is dependent on or linked to the operation and implementation of the CIS project. If this cannot be confirmed, please explain.
- b. Referring to the response to part (b) of CA-IR-113, please confirm that the identified retirement of insertion and metering equipment will not occur until the outsourcing of bill printing is implemented. If this cannot be confirmed, please explain.
- c. Please identify any correcting forecast test year adjustments required in addition to those set forth in the response to CA-IR-323 to customer service expense or rate base to reflect the delay in CIS and bill print outsourcing. If none, please explain.

CA-IR-474 Ref: HECO T-9 Update, page 2 (Additional Meter Readers Given CIS Project Delays).

According to Mr. Yamamoto, "Four of the additional temporary meter readers are needed to support the operations by performing the duties of these regular employees after the go-live date and during the transition period in which other parts of the Company become more accustomed to the new CIS system. The work being performed by these temporary meter readers will be charged to operating expenses while the employees assigned to the CIS project will charge their time to the CIS project." Please provide the following information:

- Explain how the change in the expected CIS go-live date impacts the need for additional meter readers.
- b. Provide a comparison of meter reader expensed labor hours (employees and contract meter readers) over <u>each</u> of the past three years 2006, 2007 and 2008, indicating how the net (excluding hours charged to the CIS Project) meter reader hours proposed for the test year compare to such historically required levels.
- c. Provide calculations supporting any further adjustments required to normalize meter reader labor/contractor costs to more reasonable levels, if necessary given your response to part b of this information request.

Witness T-10 Mr. Hee.

CA-IR-475 Ref: HECO Response to CA-IR-335 (Energy Efficiency Advertising).

According to the response, "HECO has not deemed it necessary or prudent to expend funds to conduct any studies" in connection with the whether the Company is a recognized brand name and respected as a source of energy information. Please respond to the following:

- a. Identify and provide copies of all information relied upon by
 HECO to determine that brand and energy efficiency
 advertising is needed in order to reinforce or expand
 customer awareness of HECO and its reputation as an
 energy information supplier.
- b. Explain how HECO determines the amounts of advertising that is needed and what message(s) should be included in such advertising.
- c. Provide copies of all documents associated with or supportive of your response to part (b).
- d. Does HECO possess any information regarding the effectiveness of its energy efficiency advertising?
- e. If your response to part (d) is affirmative, please provide complete copies of all documents relevant to the issue of advertising effectiveness.

CA-IR-476 Ref: HECO Response to CA-IR-336, Attachment 2, page 16 (Accounting for IRP Surcharge).

Please provide a complete copy of the "accounting of the IRP Surcharge for 2008 and 2009" that was required in Ordering paragraph 10 and explain and quantify any changes required to the Company's asserted IRP expenses in the test year as a result of changes in IRP/DSM regulation or because of changes associated with the Clean Energy Initiative Agreement.

CA-IR-477 Ref: HECO T-10, page 55 (Advertising Goals).

At page 55 of his testimony, Mr. Hee states, "The ultimate goal is to educate Oahu consumers of electricity about energy issues and options, and ultimately help households on Oahu adopt energy efficient products and strategies. To change people's habits of energy usage requires a well-planned, sustained effort and it is important to continue the momentum built up as a result of the Company's existing successful RCEA and informational advertising efforts." Please provide the following information:

a. Explain whether or not HECO would object to adding a prominently displayed (printed or verbalized) message within all of its proposed informational advertising stating, "Paid for by the ratepayers of Hawaiian Electric Company."

- b. Explain whether or not HECO would object to removal of its name, logo and all other branding from all proposed informational advertising.
- Provide complete copies of all studies, reports, analyses and other documents associated with your responses to parts (a) or (b) of this information request.

CA-IR-478 Ref: HECO T-10, page 20 (Rent – DSM Programs).

The referenced testimony indicates that HECO has reclassified rented office space allocated to the energy efficiency DSM programs from "incremental to base expense" and will use the "vacated office space for other utility activities." Please provide the following:

- a. Referring to HECO-1405 Update, please identify the specific rental location (i.e., building/suite) associated with the work groups HECO T-10 has reclassified.
- Please provide the square feet of office space being reallocated for other utility activities.

Witness T-11 Ms. Nanbu.

CA-IR-479 Ref: HECO Responses to CA-IR-342 and DOD-IR-132 (International Financial Reporting).

Please provide the following:

- Please describe the extent of HECO's research to-date into current International Financial Reporting Standards ("IFRS").
- b. Referring to part (a) above, has the identified research enabled the Company to form an opinion as to whether IFRS provides standards substantially similar to U.S. GAAP accounting for the effects of utility regulation (i.e., FAS71) so that HECO's accounting for regulatory assets, liabilities and cost deferrals will <u>not</u> be materially different from current accounting? Please explain.
- c. Referring to part (a) above, has the identified research enabled the Company to form an opinion as to whether IFRS provides standards substantially similar to U.S. GAAP accounting for pension costs (i.e., FAS87, as amended) so that HECO's accounting for net periodic pension costs, pension assets and pension liabilities will <u>not</u> be materially different from current accounting? Please explain.
- d. Referring to part (a) above, has the identified research enabled the Company to form an opinion as to whether IFRS provides standards substantially similar to U.S. GAAP accounting for OPEB costs (i.e., FAS106, as amended) so

that HECO's accounting for other post-employment benefits will <u>not</u> be materially different from current accounting? Please explain.

- e. Referring to part (a) above, has the identified research enabled the Company to form an opinion as to whether IFRS provides standards substantially similar to U.S. GAAP and regulatory accounting requirements for deferred income taxes so that HECO's accounting for deferred income tax expense and accumulated deferred income tax reserves will not be materially different from current accounting? Please explain.
- f. Referring to part (a) above, has the identified research enabled the Company to form an opinion as to whether IFRS provides standards substantially similar to U.S. GAAP and regulatory requirements for net original cost accounting and AFUDC capitalization so that HECO's accounting for such items will <u>not</u> be materially different from current accounting? Please explain.
- g. For each area that the responses to parts (b) through (f) above indicate that IFRS is not substantially similar to U.S. GAAP, please explain whether the Company expects that the U.S. utility industry will seek or pursue modifications to IFRS to achieve uniformity with U.S. GAAP

Witness T-13 Ms. Price.

CA-IR-480 Ref: HECO T-13 Update, pages 2-3 (HR Suite).

In direct testimony, HECO T-13 (page 45) states that HR Suite was expected to be completed in April 2009. The referenced update refers to the December 2008 Notification Letter (Docket No. 2006-0003) and further describes the completion of HR Suite in two phases –April 2009 and August 2009. Please provide the following:

- a. Please provide a copy of the December 2008 Notification Letter showing all confidential information. [Note: This request does not seek public release of any claimed confidential information but inclusion of such information in the pending rate case docket.]
- b. Are the April/August completion estimates the result of project activity and decisions that have occurred since HECO T-13 was filed or was a phased completion planned at that time as well? Please explain.
- c. Subsequent to the December 2008 Notification Letter and the finalization of the HECO T-13 Update, has the Company made or does it expect to make any further revisions to these completion dates (April and August 2009)? Please explain.

- d. Referring to the HR Suite Project Schedule (Attachment 1 to the December 2008 Notification Letter), please identify and describe what anticipated functionality in HR Suite will <u>not</u> be fully operable or will have limited capability with the Phase 1 completion.
- e. Referring to the HR Suite Project Schedule (Attachment 1 to the December 2008 Notification Letter), please identify and describe the HR Suite functionality that will only be fully operable when Phase 2 is complete.
- f. The Company's original 2009 ITS forecast assumed completion of HR Suite in April 2009. Please identify and quantify all revisions to the 2009 forecast due to the delayed or phased completion of this project.

Witness T-14 Mr. Tamashiro.

CA-IR-481 Ref: HECO T-14 Update and Responses to CA-IR-161 and CA-IR-351 (Oahu ESA).

Please provide the following:

- a. Please confirm that HECO's rate case update proposes to include \$677,000 in the 2009 test year forecast for the Oahu ESA study. If this cannot be confirmed, please explain.
- Please confirm that the Oahu ESA study is still expected to be completed in June 2009. If this cannot be confirmed, please explain.

- c. Referring to the response to parts (a) and (b) above, please explain why the Company believes it is appropriate to include 100% of the cost of the Oahu ESA in the 2009 test year forecast, rather than amortizing or normalizing these costs for purposes of determining test year expense.
- d. If the response to part (c) above refers to requirements of the HCEI Agreement, please explain why <u>base rate</u> recovery of these costs in one year is deemed necessary and appropriate.
- e. Please identify and describe the benefits HELCO and MECO may reasonably expect to realize from the Oahu ESA study.
- f. Referring to part (e) above, please explain how a commitment of 30 labor hours each by HELCO and MECO was determined to be adequate cost participation for the benefits they may reasonably expect to realize from the Oahu ESA study.

CA-IR-482 Ref: HECO T-14 Update and HECO-1406, page 2 (R&D Expense).

Please update page 2 of HECO-1406 to incorporate the following information:

- a. 2008 actual amounts.
- b. HECO's 2009 revised test year forecast.

CA-IR-483 Ref: HECO-1406 Update and Responses to CA-IR-163 and CA-IR-164 (R&D – Biofuel Co-Firing Project).

The referenced responses discusses HECO's commitment of \$649,000 in 2009 toward this project, the possibility of EPRI cost-sharing of up to 100% of the project, and the expectation that EPRI cost-sharing funds should be known in early 2009. Further, the referenced response indicates that HECO's \$649,000 forecast "assumed some level of cost-sharing from EPRI in 2009," but does not disclose the amount of assumed EPRI funding. Please provide the following:

- a. Please provide an update of the current status of EPRI costsharing participation in this project, indicating the amount of committed funding relative to the \$649,000 included in the 2009 test year forecast.
- b. It is unclear what proportion of the total cost of this project that HECO's \$649,000 commitment represents. Please provide a detailed breakdown of the total cost of this project, by year, at the following points in time:
 - 1. HECO's original rate filing.
 - 2. The finalization of HECO T-14 Update.
 - The most recent estimate of project cost.
- Referring to part (b) above, please explain any material changes in the total project cost estimate.

CA-IR-484 Ref: HECO-1412 and Response to CA-IR-155 (Account 932 Maintenance).

Please update the response to part (b) of CA-IR-155 (Attachment 2) breaking down Account 932 actual maintenance expense between "recurring" and "non-recurring" for calendar year 2008, including descriptions of major items.

Witness T-22 Mr. Young.

CA-IR-485 Ref: HECO-2212, (Marginal Energy Costs by Time of Use).

Please provide the following information:

- State the fuel price input assumptions used to develop this
 Exhibit.
- b. Provide a detailed statement of the per unit input fuel prices that are reflected within the most recently prepared HECO fuel cost forecast for calendar 2009.
- c. State the assumptions and provide supporting documentation for your response to part (b), regarding HECO's anticipated 2009 unit fuel prices.
- d. Provide an updated calculation of marginal energy prices, comparable to HECO-2212, at the currently anticipated prices for fuel and purchased energy in 2009.
- e. State with specificity where in the proposed rate design HECO or Mr. Young utilized the information on HECO-2212.

f. Explain how the updated marginal energy prices set forth in your response to part (d) of this information request should impact the HECO-proposed rates, indicating each/any rate design revisions that should be made.

CA-IR-486 Ref: HECO T-22, pages 50-52;HECO-2217 (Power Factor Study).

Please provide the following information:

- a. Explain whether Mr. Young believes that the "Power Factor Cost Study" set forth at HECO-2217 completely isolates the costs to provide power factor correction, in amounts that could accurately determine a cost-based rate for power factor correction.
- Provide a calculation of the unit costs of power factor correction should be derived from the information provided in HECO-2217.
- c. Explain how the inclusion of "Fuel and Purch Power Rev Req" at line 9 of HECO-2217 does not improperly blend the costs to provide energy with the costs to correct power factor.
- d. State whether HECO or Mr. Young patterned the "Power Factor Cost Study" at HECO-2217 after any study methods performed by other utilities or any published authority and provide reference to or copies of same.

CA-IR-487 Ref: HECO T-22, page 25 (TOU Rates Approved in June 2008).

Please provide the available information regarding customer participation rates in existing TOU rates since their approval, explaining the efforts made by HECO to promote TOU services and projected customer participation levels in 2009.

CA-IR-488 Ref: HECO T-22, page 24, page 30 (Supply Voltage Delivery Adjustments).

At page 24, Mr. Young states, "HECO proposes supply voltage delivery adjustments for Schedule G, Schedule J, Schedule DS, Schedule P, Schedule F and Schedule U based on a test year 2009 analysis performed by the Transmission Planning Division, as shown in HECO-WP-2214." Then, at page 30, line 7, reference is made to HECO-WP-2014. Please confirm these references and provide a complete copy of the underlying analysis if not already contained within the Company's prefiled evidence.

CA-IR-489 Ref: HECO T-22, page 15 (Minimum Size Method Analysis).

At page 15, Mr. Young states, "The distribution lines and transformers are assigned to demand and customer components (where the minimum system method is applied), since the size and cost of these facilities are dependent not only on the customers' load, but also on the type and location of the customers." Please respond to the following:

- a. Define each "type" of customer that is being referenced and explain how the "type" of customers is distinctively identified and considered under the minimum system method.
- b. Define and describe how the "location of the customers" is considered within the minimum system method and provide examples of the location input data that is employed.

CA-IR-490 Ref: HECO T-22, page 16 (Minimum Size Method Analysis).

At page 16, Mr. Young states, "HECO prepared a minimum size method analysis for use in the cost-of-service study in the 2005 test year case. The results of that minimum size method analysis are used in the cost-of-service study in this case as well." For each component of the assumed minimum size system (pole, primary conductor, secondary conductor, transformer), please describe the load serving capabilities of the equipment and the number of residential customers at peak load levels that could be served by such equipment.

CA-IR-491 Ref: HECO T-22, page 16 (Minimum Size Method Analysis).

At page 16, Mr. Young states, "HECO prepared a minimum size method analysis for use in the cost-of-service study in the 2005 test year case. The results of that minimum size method analysis are

used in the cost-of-service study in this case as well." Please provide the following information:

- a. Confirm that all of the inputs and analyses from the referenced 2005 study were used without modification in this Docket No. 2008-0083 and also used in Docket No. 2006-0386.
- b. If your response to part (a) is negative, please specify each change or modification in the studies from one Docket to the next.
- c. Which, if any, of the HECO-provided IR responses addressing the Company's minimum system study in Docket No. 2006-0386 would not be accurate and applicable to the minimum system study being re-used by HECO in Docket No. 2008-0083?

CA-IR-492 Ref: Witness T-5.

Please provide the contract fuel prices for industrial fuel oil, diesel and biodiesel projected in HECO's most recent 2009 Budget.

CA-IR-493 Ref: Witness T-6.

Please provide historical (2003 through 2008) Kalaeloa capacity and energy purchase information as follows:

- a. Energy (kWh);
- b. Capacity charges (\$);

- c. Fuel charges (\$);
- d. Additive charges (\$);
- e. Non-Fuel (Other) charges (\$); and
- f. Shortfall charges (\$).

CA-IR-494 Ref: Witness T-6.

Please provide historical (2003 through 2008) AES capacity and energy purchase information as follows:

- Energy (kWh);
- b. Capacity charges (\$);
- c. Bonus charges (\$);
- d. Fuel charges (\$); and
- e. O&M charges (\$).

CA-IR-495 Ref: Witness T-6.

Please provide Historical (2003 through 2008) H-Power capacity and energy purchase information as follows:

- a. Energy (kWh);
- b. Capacity charges (\$); and
- c. Energy charges (\$).

CA-IR-496 Ref: Witness T-6.

Please provide historical energy purchased from Chevron and Tesoro for the following:

- a. Energy (kWh) (2008); and
- Energy charges (\$) (2003 through 2008).

CA-IR-497 Ref: Witness T-4, page 3.

HECO T-4, page 3 indicates that HECO anticipates purchasing energy from the Hoku Solar Archer PV facility commencing in late 2008.

- a. When did HECO begin purchasing energy from the Hoku Solar Archer PV facility?
- b. Please provide actual monthly energy (kWh) purchased and charges from the Hoku Solar Archer PV facility for 2008 and 2009 year to date.

CA-IR-498 Ref: Witness T-4, page 10, lines 15 and 16.

HECO T-4 indicates that the total energy purchased from the non-firm PV system was based on a projection from Hoku Solar.

- Please provide a copy of all supporting documents for the
 2009 estimate of energy for the non-firm PV system.
- Does HECO expect that the test year 2009 energy estimate is indicative of future years or is this a lesser amount for a

startup year? Please provide a copy of the documentation supporting the Company's response.

CA-IR-499 Ref: Witness T-6.

Please provide the P-Month input data files that were used in the Base Case and Alternate Case (QF-In) to calculate test year Avoided Costs.

CA-IR-500 Ref: Witness T-6, HECO-WP-601, page 1.

HECO-WP-601, page 1 indicates a 2009 LSFO Fuel Price of \$102.5670/bbl for Kalaeloa. Please provide all spreadsheet files and copies of documentation relied on to support the LSFO fuel price of \$102.5670/bbl.

CA-IR-501 Ref: Witness T-5, pages 6 through 8.

HECO T-5 indicates the biodiesel price is based on the Imperium Biodiesel Supply Contract.

- a. Please provide a copy of the Imperium Biodiesel Supply Contract in whatever form it is available (i.e., draft, final, signed, etc.).
- Please provide copies of all documentation supporting the test year 2009 biodiesel price.

CA-IR-502 Ref: Witness T-22, pages 50 through 52.

HECO-T-22 explains a power factor study that was used to compare power factor costs to power factor revenues. This analysis indicates that the value of capacitors was used to calculate power factor costs.

- a. Did witness T-22 calculate the value of generating plant inservice that is used to generate kVars as part of power factor costs? If so, please provide copies of documents that support the value of generating plant in-service used to generate kVars as part of power factor costs. If not, please explain why generating plant value was not included in power factor costs.
- b. Did witness T-22 include the cost of fuel used to generate kVars as part of power factor costs in this analysis? If so, please provide copies of the documents that support the cost of fuel used to generate kVars as part of power factor costs. If not, please explain why fuel costs were not included in power factor costs.

CA-IR-503 Ref: Witness T-5.

Please provide actual spot fuel prices for industrial fuel oil, diesel oil and biodiesel by month for October 1, 2008 through March 1, 2009.

CA-IR-504 Ref: HECO-404, lines 3 and 4.

HECO-404, indicates that 2007 historical fuel efficiency for Central Station Diesel was 36,556 btu/net kWh, approximately 60% greater than the Central Station Diesel historical fuel efficiency in 2003 through 2006.

- Please explain why the 2007 Central Station Diesel fuel efficiency was so high.
- Please provide copies of all supporting documents used in your explanation.

CERTIFICATE OF SERVICE

ADVOCACY'S TENTH SUBMISSION OF INFORMATION REQUESTS was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

DARCY ENDO-OMOTO
VICE PRESIDENT
GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, Hawaii 96840-0001

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THOMAS W. WILLIAMS, JR., ESQ.
PETER Y. KIKUTA, ESQ.
DAMON L. SCHMIDT, ESQ.
GOODSILL, ANDERSON, QUINN & STIFEL
1800 Alii Place
1099 Alakea Street
Honolulu, Hawaii 96813

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Counsel for Hawaiian Electric Company, Inc.

DR. KAY DAVOODI NAVFAC HQ ACQ-URASO 1322 Patterson Avenue, S.E. Suite 1000 Washington Navy Yard Washington, DC 20374-5065

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